

## **Town of Bedford Finance Committee**

Town Hall, Selectmen's Meeting Room

May 21, 2015

Members in attendance: Rich Bowen, Tom Busa, Steve Carluccio (late arrival), Elizabeth McClung, Paul Mortenson, Barbara Perry, David Powell, Steve Steele (Chair); Ben Thomas.

Others in attendance: Victor Garofalo, *Director of Finance and Collector/Treasurer*; Roy Sorenson, *DPW Director*; Anna Swanson, *The Bedford Minuteman*.

**Minutes:** Ms. Perry moved to approve the April 16, 2015 Finance Committee minutes as amended. Ms. McClung seconded. The motion passed, 8-0-0.

**Recap of Winter Season and Snow Removal:** DPW Director Roy Sorenson presented the 2014-15 winter season overview that was also presented to the Selectmen two weeks ago. Mr. Sorenson told the Committee he intends to update relevant Town boards at the end of each winter so everyone knows what's being done to keep track of costs and hone procedures.

"I was new last year and I changed a couple of things but when I came here, a lot of people came up to me and said how wonderful the staff was with snow removal. So I took what we had and didn't mess around too much with it. I wanted to formalize it, come up with a snow plan, document it and track what we do. A big part of our job is snow removal; we try to provide the service in a realistic time frame. Expectations are higher here than they are in some other communities," Mr. Sorenson explained.

He continued: "Our goal is to maintain streets to an acceptable level. One to two inches an hour is something you can keep up with. Beyond that, it's harder to do and that happened quite a bit this year. We want to make sure we plow continuously during a snow event; we want to clear the school zones within 24 hours after the storm stops; we want to complete cleaning, pushing, and treating all routes 12 hours after the snow has stopped; and then, ultimately, we want to clean all sidewalks within 72 hours after the event is over. We got an extra sidewalk machine because we have more sidewalks than in the past."

Mr. Thomas asked, "Except for the completely ridiculous storms, did we meet these goals?"

Mr. Sorenson replied that the expectations/ goals are met during "a standard-type storm." This year, particularly in February, it wasn't possible to achieve the goals. "We had an historic winter," he said.

Reflecting on Bedford's higher standards compared to surrounding communities, Mr. Thomas asked whether the bar has been set too high.

Mr. Sorenson said he didn't think so but he was going to look into doing some things a little differently, now that he's been in Bedford for two winters.

Mr. Sorenson then went on to describe the stages of winter road maintenance:

1. Pre-treat with liquid salt solution. "This can save you money at the beginning of the storm and it

buys you time.”

2. Maintain the main routes and keep an eye on the accumulation.
3. Plowing: “If two inches are on the ground and you know you’re getting more, you move to plowing.”
4. Pull back the operation once the roads are clear; send the outside contractors home; assess in-house staffing; post-treat with salt; commence sidewalk operations.
5. Downsize staff to minimal numbers.

The pretreatment brine is a water and sodium chloride solution mixed at the DPW facility on Carlisle Road. “We get this out on the roads 24-48 hours in advance. It saves about \$3,000 per storm by not using road salt,” Mr. Sorenson said. He added that the department keeps an eye on the timing of storms and tries to gauge the best time to pretreat to save labor costs while maximizing effectiveness.

On the question of whether the salt solution harms the sprayer truck, Mr. Sorenson said, “Salt will destroy anything. But the truck is dedicated to this purpose and the staff is good with hosing it down after every treatment. You can wash these trucks 500 times but the salt will eventually catch up, there are so many nooks and crannies on these vehicles and they’re so big. A lot of the hardware on this truck is PVC.”

Mr. Sorenson said all the plow routes have been mapped using Bedford’s GIS system; each route is well-defined and can be assigned to a plow operator, even if that operator is unfamiliar with Bedford.

Altogether, there are 19 routes, 26 town snow removal vehicles and 19 outside contractors. “What we’ll do sometimes is combine this back down to 12 routes when we’re just going to use our town employees for small, 2-3 inch storms. They cover 70 lane miles, 14 square miles, and of course we do all the schools and Town buildings and parking lots, too.” Mr. Sorenson said there’s a foreman on each route, covering multiple routes, and his job is to oversee the work the staff is doing and make assessments. Generally, there’s a Town truck teamed with a private contractor truck on each route so no contractor is unsupervised.

The State takes care of State roads but if they fall behind, the Town will plow those, too. Mr. Sorenson said that the Town might also patch a pothole on a State road if it becomes hazardous to wait for MassDOT.

Ms. McClung asked how Mr. Sorenson handles complaints such as trucks plowing the same roads repeatedly in the middle of the night. Mr. Sorenson said he looks at each piece of feedback to understand what prompted it. “We do get those calls. We log the comments and go back to the supervisor and ask him.” It was noted that the Town is not the only group out there plowing; there are also State trucks and independent drivers.

Mr. Sorenson listed the challenges of plowing: snow banking/ high banks, heavy wet snow, visibility, traffic, temperature change, and icing.

Mr. Busa asked how valuable the expensive, new wing truck had been this winter and whether it was used regularly. Mr. Sorenson said it made a difference on the larger roads, like Middlesex Turnpike. It can also be used to push back heavy snow banks to widen narrowed roadways.

The sidewalks were, this year, a particular challenge because the snow was very deep and there was nowhere to put it.

Heavy equipment from other places to support area cities/towns was channeled through Hanscom and Ms. Sorenson said it was interesting to see the different types of vehicles. "They actually helped us in some areas, too, down by the turnpike where construction is still being done. MEMA also helped us by getting salt. But it wasn't a salt shortage that became the challenge; it was a truck shortage. The trucks that haul salt actually stopped hauling salt because they could make more money hauling snow."

The average storm is 6-8 inches; it takes 18-24 hours to clear the roads, from beginning to end. Sidewalks are cleared 48-72 hours after an event.

Bedford, Hanscom AFB and MassPort all record snowfall amounts. An average winter is 58-60 inches; the winter of 2014-2015 was 121.5 inches, according to Bedford readings.

To summarize last winter, Mr. Sorenson said, "I've never seen anything like it in my professional career... You can handle a 30 inch storm, provided there's not another one for 10-12 days. You can move it, get it out of the way, get your equipment back in order but we never caught a break this year. We were always on the run, always playing catch-up. The staff did a great job. We were always prepared for the next one, regardless of what we were getting. I can't say enough about how the staff did this winter."

Finally, Mr. Sorenson presented snow removal costs for the year. The total was \$1,070,731 with \$340,093 in the budget and \$730,638 in snow deficit. Labor overtime was \$294,792 (time and a half or double time, depending on when it occurred); contractors= \$311,053; salt and sand = \$289,893; repairs and materials= \$162,949; and police details charged specifically to snow events were \$12,084. The calculated cost-per-inch expense for the winter was \$8776, close to the more average winter of 2013-14 at \$8719 per inch.

Bedford's snow removal costs were 309% over budget. By comparison, 4 other communities surveyed were also in the 300% range, 7 in the 200%, 5 in the 100%. Four communities were 400% over budget and 3 were 500% over.

It is anticipated that MEMA will reimburse the Town \$350,000- \$400,000 for a portion of the costs of the first storm. MEMA says it will only cover that storm, not the others, although Bedford has also submitted receipts for all four.

Mr. Sorenson said Bedford uses minimal sand although it does mix sand with salt when salt supplies are low. He added that contractor costs were especially high this year because "we had to hold over their loaders and their backhoes because we had so many consecutive storms and we had to keep roads open, widen roads, push snowbanks back."

Mr. Mortenson asked whether the contractors were new or veteran. Mr. Sorenson said there was a mix of familiar and new people as well as a mix of talent.

Ms. Perry asked if the Town has appropriate equipment and staffing. Mr. Sorenson said, under normal circumstances, it does.

Mr. Powell asked what the fuel costs were. Mr. Sorenson said the Town buys fuel for a lower price than is available to the average consumer and prices are forecasted to hold steady. Fuels costs are embedded in the larger DPW budget but can be pulled out for later analysis. Subcontractors are not allowed to fuel up at the DPW garage unless there is nowhere else to buy gas. If this were to happen, the Town policy is for the contractor to pay at market rate.

Mr. Steele asked what sets Bedford apart from other towns and DPWs. Mr. Sorenson said the staff “just kept up with it. They care. They had a sense of urgency.” He added that other work—such as burials and water main breaks—was also handled smoothly and professionally, despite the stress the storms put on the department.

Mr. Powell asked about the occasion when there was a change of trash pick-up due to the weather. Mr. Sorenson replied that Public Works worked as best they could with the hauler, delaying pick up a day when possible. As the storms continued, however, the trash haulers got backed up, too, and pick up couldn’t be postponed, which led to confusion.

**Reserve Fund Transfer Preview:** Mr. Garofalo emphasized that the numbers he was about to present were estimates, not final numbers.

**Vocational Ed: \$25,052.** Due to 2 students attending Minuteman Tech that weren’t budgeted for. Originally, tuition for 2.75 students was budgeted. In actuality, there are four.

**Homeless Student Transportation: \$230,569.** This number comes from School Finance Director Dave Coelho. Mr. Thomas said the number seems high, given there were fewer students this year in temporary residence than last year. Mr. Steele speculated that the reason was due to the continued need to transport students whether they still live in the hotel or moved on but still opted to be educated in Bedford. Mr. Garofalo said he would ask Mr. Coelho and Mr. Sills about it.

**Davis School Modularity: \$98,000.** Mr. Busa said he believed the agreement to consider a Reserve Fund transfer for the modulars at year end was coupled with an expectation that the Schools would present the status of their entire budget. “Where are they on every other line item that we don’t see?” he asked. Mr. Steele agreed. “They’ve got a lot of moving pieces. How do they stand, budget to actual, on a line item level?” Mr. Garofalo said he would ask the Schools to present at the June 11<sup>th</sup> meeting.

**Utilities School: \$15,000.** Mr. Steele asked whether or not renters of School space are charged, specifically, for utilities.

Since utilities have now been placed under Facilities, Mr. Steele argued that rental revolving funds should now be deposited in the Town column. Prior to FY16, rental revolving funds could/should be

used to cover these requests. On a related topic, he added he did not want to “make a profit from non-profits” that rent the School space. “I know it’s a hard thing to split out but these non-profits are doing a service to the Schools.”

Mr. Busa said the rental money should go directly to the Town, rather than the Schools, to pay for things like utilities. Mr. Garofalo said the money is currently used against custodial costs. Mr. Busa and Mr. Steele objected to the practice of charging groups custodial fees when custodians are already “on the clock” and no additional cost is being incurred.

Ms. McClung suggested that the custodian might have to perform additional duties because a group is using a building. Mr. Steele said the custodians’ pay is based on hours worked, not duties performed. Mr. Mortenson said this might be “slicing and dicing too much” and that a standardized rental cost might be “an administrative convenience.” Mr. Steele repeated his question about the fairness: “Why should we charge non-profits who are citizens of the town—who pay the principle, who pay the interest, who pay for the janitors—an extra charge that they could use elsewhere?” Mr. Carluccio said the charge, in his experience with Babe Ruth Baseball, “is very nominal—about \$25.00 an hour.” Mr. Steele countered that the auditorium rental costs \$200 an hour.

Mr. Steele said, “[The Schools] can ask me for a Reserve Fund transfer because they don’t have enough to cover utilities but my next question is ‘Why don’t you have enough?’”

Ms. McClung agreed there should perhaps be a distinction between what a Bedford-based nonprofit is charged and what an outside group pays.

**Utilities Town: \$5,000.** Facilities Director Alani will also present on June 11 about Town-side utility overages requiring a Reserve Fund transfer. Mr. Garofalo said that the Town-side and School-side utilities are segregated and, with the Town’s budget being more restrictive than the School budget, “there’s less room to move around.”

**Water Purchase: \$250,000.** Mr. Garofalo is going to meet with Town Manager Reed and DPW Director Sorenson to see why water costs are again so high. “This year, the water budget was \$1.6. Last year it was \$1.4 and we did a Reserve Fund transfer for \$211,000 which brought it to \$1.6. This year, we used \$1.6 as a budgetary line item and we’re trying to find out why it is as high as it is.”

Mr. Powell said there had been a lot of flushing down at the hydrant closest to the middle school. Mr. Garofalo said that he, Mr. Reed and Mr. Sorenson would be looking at resident usage numbers, comparing year to year, and then comparing that to the total usage the Town is charged for. What isn’t metered and charged to residents is assumed to be Town facilities usage and hydrant flushing, although there is the possibility there is a leak in the system or that residents might be altering/tampering with their meters.

The Selectmen voted down an additional water rate increase for flushing this year because rates were already going up “astronomically”. At the time, Mr. Garofalo pointed out that costs not paid by rates would have to come from somewhere, namely the Reserve Fund.

Mr. Thomas urged that an analysis of usage and costs be done to determine the source of the problem.

Mr. Garofalo said that a new billing system, now in its implementation stage, might be able to run reports that will uncover water-use anomalies. The system will go live in July-August.

He added, "One of the first things I looked at was Local Receipts, which are running at 85% of projections. If water was up, that would be much higher than 85%. It just means we're on target. But, if we're on target, why is our expense higher?"

**Police: \$30,000.** Mr. Garofalo said a discrepancy had just come to light based on salary issues. He explained: "They've had three vacancies. One person retired and they had to settle up with sick leave buy-back and vacation comp. Another officer has been out on IOD (injured on duty leave) for over a year but is still paid 100% of his salary and they also have to pay someone else to cover his duties." The IOD, now over 52 weeks, has been maxed out which means the department will no longer be reimbursed from the insurance company.

The Town is looking at a number of things that could be done to offset the overage: 1) hold the line of overtime for the next six weeks; 2) identify grant funds that might be used.

**TOTAL RESERVE FUND TRANSFER REQUESTS..... \$653,651**

**BALANCE IN RESERVE FUND TRANSFER ACCOUNT..... \$ 671,500**

**REMAINING..... \$ 17,879**

Mr. Busa pointed out that if the worst case scenario plays out and the Police ask for a \$40,000 transfer—and the other departments come in as predicted-- 99% of the Reserve Fund will be tapped by these requests.

Mr. Steele said that if this comes to pass, FinCom should push back and ask the departments where they could manage funds differently.

Mr. Thomas pointed out that the two biggest requests are water purchase and homeless student transportation. Mr. Garofalo said he is surprised at how high the homeless student bill is. As far as eventual reimbursement goes, Mr. Bowen said the amount budgeted for this purpose at the State level is 51% of expected receipts, meaning that Bedford would have to cover 49% of costs without State assistance. Next year, the percentage expected is even less. Mr. Bowen said, "I wrote to [Representative] Ken Gordon to bring this to his attention. 70% of the cost of McKinney-Vento falls on 10 communities [in Massachusetts]. That means 341 communities that are not affected."

Mr. Garofalo said that no money had been received to date for homeless student transportation for FY15. "And in FY14, we received \$82,830 but this year we haven't received a dime yet. I sent Dave [Coelho] an email asking him what the status of this was because I had not seen the reimbursement money yet."

Mr. Bowen added the State Auditor determined that the State should pay lodging tax for

transitional housing. “There is an estimated \$1.7m in uncollected rooms’ taxes. This is not a long-term rental, [which would be exempt].”

Overall, Mr. Garofalo said Bedford got \$ 716,000 last year in hotel/motel taxes. The year before, it was \$647,000 and the year before that it was \$ 623,000. “The amount has increased and we haven’t put up more hotels in town. This year, to date, we’re at \$ 549,000.”

As for homeless transportation, Committee members wondered if the towns to which Bedford transports students—or from which students come to attend Bedford schools—are indeed sharing costs as they are supposed to. Mr. Steele said he believes that the ability to stay in a school system when the student no longer resides in the town ends once the school year is over.

Funding for Hanscom students appears to be back in the FY16 budget. “But the question comes down to, if we do get the money, where will it go? It seems like it will go to the Schools. If so, we need to keep in the back of our mind that we’ll have to make an adjustment to the School budget by the amount of the reimbursement,” Mr. Garofalo said.

**Fiscal Policies:** A general discussion took place in which several points were stressed:

- The current policies were created to satisfy bonding agencies and demonstrate good management.
- It took 5 years to research what other towns do, compose the current policies and have them reviewed/ approved by the Selectmen and School Committee. This is a more elaborate process than envisioned for this policy review.

The Committee decided to approach the review by having each member send feedback on pages 1 and 3 to Mr. Steele. A half hour will be devoted to discussion at the next meeting. After that, a similar procedure will cover pages 3 and 4. The goal is to complete the review by the end of summer/September.

**Old Business:** Mr. Steele reported that Ms. Perry has decided to step down from the Committee after 24 years of service. As is the custom, she will stay until her replacement has been appointed. He thanked Ms. Perry for contributing wise insights and he asked especially that she provide input and historical perspective on the fiscal policy review.

**New business:** Mr. Busa related information from a recent meeting with Police Chief Bongiorno:

- The canine grant amount has been increased. One of the obstacles to instituting the canine program was that the officer would have been assigned a take home vehicle “and the Selectmen balked”, Mr. Busa said. Mr. Thomas added that another reason the program wasn’t fully embraced was that the Town would have to pick up the cost after grant money runs out. Mr. Busa said that the cost of the dog “is miniscule compared to the cost of the vehicle.”
- The arrangement is working well between Bedford Police and Middlesex Community College to have an officer dedicated to the campus. Mr. Garofalo said that MCC pays 100% of the officer’s

salary, including OPEB. At this time, the officer is using his own vehicle but the Chief hopes MCC will provide the officer with one of Bedford's phased-out patrol cars.

**Meetings Attended:** Mr. Bowen reported attending two meetings of the Association of Town Finance Committee [ATFC]. The first was about the State budget at which the Massachusetts Municipal Association said it was lobbying to change the foundational formula of the school budget. An obstacle to change, however, is that "the State is having to fund an income tax cut at the same time that revenues are not growing robustly. The State is having problems balancing the budget and that leads to [the sense that] McKinney-Vento might well not be funded."

The second meeting was a presentation by a municipal bond underwriter. "It's far more subjective now, Mr. Bowen said about how the bond rating process works. "What's the economy like? What are population trends? Are your house values up or down?" Mr. Bowen said they confirmed that they like to see towns have written financial policies.

Mr. Garofalo said he will try to get hold of the meeting's handout materials and distribute them.

On the subject of OPEB, Mr. Bowen said the Governor has promised another revision. Nothing has materialized yet but Mr. Bowen pointed out it would be a cash-saver for the State as well as a boon to cities and towns. "They've got every incentive to revise; our policy written here is counting on some reductions in cost. At current cost levels, I don't believe we could fund it but we have the possibility of reducing those costs and bringing it much more [under control]."

Ms. Perry added that the ATFC meeting about bonding noted several major factors in credit ratings:

- The economy (30%)
- Institutional framework (10%)
- Management (20%)
- Financial measures (30%)
- Debt/contingent liabilities (10%)

There are 50 Massachusetts communities at this time that Standard and Poor's rates Triple A.

Ms. Perry also went to the last CapEX meeting and reported that the committee will meet at least monthly, all year round.

Two departments—Finance and IT—presented to CapEx and requested \$100,000 to \$150,000 per year for upgrading technology infrastructure.

Schools also presented and indicated that anticipated additions to three schools—Davis, Lane, and JGMS—would cost just under \$2m each. Ms. Perry said, if additions are seriously considered, both FinCom and CapEx should tour the buildings and ask very detailed questions.

The enrollment study that was started in January is almost done. Real numbers are needed before space needs projections can be meaningfully evaluated. Mr. Busa suggested that the Town Clerk's office would



have useful census figures that could be used to better project schools-age children demographics.

Technology requests for the Schools is estimated at \$500,000-\$600,000 a year.

The Schools also presented their 6-year capital project list which Ms. Perry said included a lot of “placeholders and maybes”. CapEx members asked the Schools to come back with a notated list, indicating levels of need.

Mr. Bowen said that soft projections like this make sense early in the cycle. Other members argued this kind of list makes it hard to know what was concrete and what was conjecture.

Mr. Steele wondered whether a Pandora’s Box had been opened by “giving everybody what they asked for” last year. Mr. Thomas disagreed that everyone had gotten what they wanted. Ms. Perry added that there had been items that were postponed or changed. But, she added, “It seemed to [CapEx] that there were too many items that were ‘squishy’.”

Knowing that educational technology is always changing, Ms. McClung asked if FinCom could see details about how the Schools expended money requested for tech. Mr. Garofalo said he could provide that information.

Finally, Ms. Perry added that the Schools plan to do away with the Bridge program and institute a program for autism.

Mr. Mortenson volunteered to be FinCom’s new CapEx liaison when Ms. Perry’s term is over. Ms. Perry said she might stay involved with CapEx as a non-liaison.

Mr. Garofalo said that the Town Hall MEP project would commence In August. The project is now going out for the design bid and will come before the Selectmen in July for approval. Mr. Thomas said it seems, given what he thought the plan was before Town Meeting, that the project is 3-4 months behind.

Mr. Thomas attended the Selectmen’s meeting. They approved the bikeway extension plan, opting for the shared-use design that would make the project eligible for State funding.

The Selectmen also signed a contract for sewer inflow infiltration.

Bedford Center for the Arts asked for and received a waiver [of about \$3,000] for the remainder of this year’s rent at Old Town Hall and seeks to negotiate lower rent for the coming year. Mr. Thomas said it was the establishment of precedent— rather than loss of revenue— that interested him most.

Adjournment: Mr. Busa moved to adjourn the meeting. Mr. Carluccio seconded. The motion passed unanimously, 9-0-0.

Respectfully submitted,  
Kim Siebert, FinCom Recording Secretary